

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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P 202210Z AUG 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 8012

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E.O. 11652: N/A

TAGS: EFIN, ETEL, DR

SUBJ: MEETING WITH PRESIDENT BALAGUER - BALANCE-OF-PAYMENTS

SITUATION AND PL 480 ARREARAGES

REF: SANTO DOMINGO 3974

1. AMBASSADOR MET FOR ONE HOUR THIS NOON WITH PRESIDENT BALAGUER PRINCIPALLY TO DISCUSS THE BALANCE-OF-PAYMENTS SITUATION AND THE PL 480 ARREARAGES. BOTH BALAGUER AND AMBASSADOR, IN COMPARING NOTES, ASCERTAINED THAT IMF EXECUTIVE DIRECTOR KAFKA HAD SAID MUCH THE SAME THING IN EXPRESSING HIS VIEWS (THE PRESIDENT HAD MET WITH KAFKA LAST NIGHT). BALAGUER APPEARED SOMEWHAT MORE RELAXED ALTHOUGH HE REMAINS QUITE CONCERNED OVER B/P PROBLEM. HE OBSERVED THAT THE GODR IS CONTRACTUALLY OBLIGATED TO DELIVER ABOUT 100,000 METRIC TONS OF SUGAR IN SEPTEMBER AT A PRICE THAT MUST BE AGREED UPON BEFORE AUGUST 31. HE FEARED THAT HE MIGHT BE OBLIGED TO SELL BELOW TEN CENTS, WELL BELOW THE COST OF PRODUCTION.

2. AMBASSADOR INQUIRED AS TO WHY THE GODR HAD NOT REQUESTED PL 480 ASSISTANCE DURING THE PAST TWO YEARS. BALAGUER REPORTED THAT HIS PEOPLE HAD INFORMED HIM THAT UNTIL PAST ARREARAGES

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HAD BEEN CLEARED UP, THERE WAS NO POSSIBILITY OF OBTAINING PL

480 ASSISTANCE. AMBASSADOR REPLIED THAT ALTHOUGH THIS WAS TECHNICALLY CORRECT, GODR COULD AFFORD TO WIPE OUT ARREARAGE THERE WOULD BE IN PROSPECT FOREIGN EXCHANGE SAVINGS IN AMOUNTS THAT ORDINARILY WOULD BE AT LEAST EQUAL TO THE ARREARAGE PAYMENT. AMBASSADOR STRESSED DIFFICULTY IN COMPETING FOR LIMITED AVAILABILITIES SINCE UNDER NEW RULES SEVENTY-FIVE PERCENT OF PL 480 IS INTENDED FOR THE POOREST COUNTRIES WHICH DID NOT INCLUDE THE DOMINICAN REPUBLIC.

3. BALAGUER AGREED THAT A LOAN UNDER PL 480 WOULD BE BENEFICIAL TO HIS B/P PROBLEM AND REQUESTED THAT AMBASSADOR CONTACT INESPRE TO ASCERTAIN WHAT WAS NEEDED AND THEN URGE WASHINGTON TO PROVIDE UNDER PL 480 AS MUCH OF SAME AS POSSIBLE SOONEST. BALAGUER SAID HE COULD SEE POSSIBILITIES OF ELIMINATING ARREARAGES UNDER SUCH CIRCUMSTANCES. HE ALSO AGREED THAT PL 480 ROUTE PREFERABLE TO SEEKING STRETCH-OUT OF ARREARAGE PAYMENTS.

4. COMMENT: WE SHALL INQUIRE OF INESPRE REGARDING NATION'S NEEDS IN FOOD IMPORTS, TAKING CARE TO AVOID RAISING ASPIRATIONS THAT MUCH IF ANYTHING COULD BE FORTHCOMING THIS YEAR.
HURWITCH

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